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San Francisco

15 UNITED STATES BANKRUPTCY COURT

16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
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18 In re
19 THE ROMAN CATHOLIC ARCHBISHOP
20 OF SAN FRANCISCO,

21 Debtor and
22 Debtor in Possession.
23
24
25
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Case No. 23-30564

Chapter 11

**DECLARATION OF JOSEPH J.
PASSARELLO IN SUPPORT OF DEBTOR'S
MOTION TO EXTEND DEADLINE TO
ASSUME OR REJECT UNEXPIRED
LEASES OF NONRESIDENTIAL REAL
PROPERTY PURSUANT TO SECTION
365(d)(4) OF THE BANKRUPTCY CODE**

Date: December 14, 2023
Time: 1:30 p.m.
Location: via Zoom
Judge: Hon. Dennis Montali

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1 I, Joseph J. Passarello, hereby declare as follows:

2 1. I am the Senior Financial Director and former Chief Financial Officer (“CFO”) of
3 The Roman Catholic Archbishop of San Francisco, the debtor and debtor in possession herein
4 (“RCASF” or the “Debtor”). I have been the CFO of the RCASF since January 2014. Before that,
5 I have been the CFO for several other companies including Serena Software, Aptina Imaging, AMI
6 Semiconductor, and Therma-Wave, Inc. I have a Master of Business Administration from Santa
7 Clara University and a Bachelor of Science in Economics and Business Administration from St.
8 Mary’s College. In the course and scope of my duties as Senior Financial Director and formerly as
9 CFO, I am familiar with the record keeping practices and policies of the RCASF and how it regularly
10 maintains its business records.

11 2. All facts set forth in this Declaration are based on my personal knowledge, upon
12 information supplied to me by people who report to me, upon information supplied to me by the
13 RCASF’s professionals and consultants, upon my review of relevant documents, or upon my opinion
14 based on my experience and knowledge regarding the RCASF’s operations, financial condition, and
15 related business issues. The documents submitted herewith, referenced herein or otherwise relied
16 upon by me for purposes of this Declaration are the business records of the RCASF, prepared and
17 maintained in the ordinary and regularly conducted business activity of the RCASF, and used by me
18 for those purposes. If I were called upon as a witness, I could and would testify competently to the
19 facts set forth herein, and I am authorized to submit this Declaration on behalf of the RCASF.

20 3. I submit this Declaration in support of the Debtor’s Motion to Extend Deadline to
21 Assume or Reject Unexpired Leases of Nonresidential Real Property Pursuant to § 365(d) (4) of the
22 Bankruptcy Code (“Motion”).

23 4. On August 21, 2023, the RCASF initiated this case by filing a voluntary Chapter 11
24 Petition (“Petition Date”).

25 5. The Debtor timely filed its Schedules of Assets and Liabilities and Statement of
26 Financial Affairs.

27 6. The RCASF filed this Bankruptcy Case to reorganize its financial affairs pursuant to
28 a plan of reorganization that will, among other things, fairly, justly, and equitably compensate

1 survivors of sexual abuse by clergy or others associated with the RCASF and bring healing to
2 survivors, parishioners and others affected by past acts of sexual abuse. The RCASF requires the
3 Bankruptcy Court's protection and the protection of the bankruptcy laws to make fair and equitable
4 payment on all of the claims against it, including the claims by survivors of abuse, trade creditors,
5 and others, while continuing its ministries and support it offers to Catholic parishes and
6 communities.

7 7. The Debtor is party to various unexpired leases of nonresidential real property
8 ("Unexpired Leases"), as set forth in its Schedules, filed on September 21, 2023 [ECF No. 152],
9 including but not limited to leases with Chesterton Academy of San Francisco, Children's Council
10 of San Francisco, Cruise LLC, Daughters of Charity, JEH Enterprises, Inc., the Cemeteries, Seneca
11 Family of Agencies, the Archdiocese of San Francisco Parish and School Juridic Persons Real
12 Property Support Corporation, the Roman Catholic Seminary of San Francisco, and The Sleep Train,
13 Inc./Mattress Firm. The Debtor is currently undertaking a comprehensive review of its Unexpired
14 Leases to determine which ones to assume and which to reject.

15 8. The Debtor is current on all monetary obligations due and owing Unexpired Leases.

16 9. Since the Petition Date, the Debtor has paid its post-petition expenses in the ordinary
17 course of business or as otherwise provided by Court order, including for the Unexpired Leases.

18 10. The Debtor has the current financial resources to continue to pay its bills as they
19 come due and will continue to do so.

20 11. The Debtor is committed to remaining current with respect to all undisputed post-
21 petition obligations under the Unexpired Leases.

22 12. The Debtor is in the early stages of the case and working to build a foundation for a
23 plan of reorganization. It is actively taking steps to develop a plan of reorganization with its
24 constituents. Additional time is needed to fully evaluate the progress and dynamics of the case, and
25 the potential effect of assumption or rejection of the lease under the unique circumstances of this
26 case.

27 13. The Debtor has been working expeditiously to establish procedures for potential
28 abuse claimants to submit claims and develop a framework for the exchange of information with

1 the Committee that will enable the parties to move promptly to mediation. Moreover, the Debtor
2 has worked expeditiously with the Committee and other key stakeholders, including the Debtor's
3 insurers, to begin to develop a consensual plan to emerge from chapter 11.

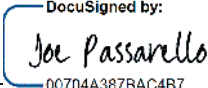
4 14. However, the Debtor has not had a sufficient opportunity to adequately assess the
5 potential value of each of the Unexpired Leases in the context of its restructuring efforts. Such an
6 evaluation will necessarily include an assessment of which of the Unexpired Leases will be required
7 in the ongoing operation of the Debtor's business and whether any Unexpired Lease could generate
8 value by reason of an assignment or other disposition thereof.

9 15. While the Debtor has made significant good faith progress to move this Bankruptcy
10 Case forward, its attention remains substantially devoted to the claims process, addressing insurance
11 coverage issues, coordinating discovery with the Committee, and other pressing issues. The Debtor
12 needs additional time to assess the Unexpired Leases and their place within the Debtor's
13 restructuring efforts.

14 16. The Debtor will continue evaluating the Unexpired Leases on an ongoing basis as
15 expeditiously as practicable and will file appropriate motions as soon as informed decisions can be
16 made.

17 17. The deemed rejection of the Debtors' Unexpired Leases could adversely impact the
18 Debtor's ongoing restructuring efforts and disrupt its operations.

19 I declare under penalty of perjury that the foregoing is true and correct. Executed on
20 11/16/2023
November __, 2023, at San Francisco, California.

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23 _____
24 Joseph J. Passarello
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